

TOWNSHIP OF ADAMS
Arenac County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2006

Auditing Procedures Report

issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Adams	County Arenac
Fiscal Year End June 30, 2006	Opinion Date February 7, 2007	Date Audit Report Submitted to State February 9, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

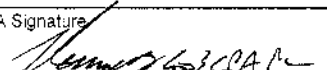
YES NO

Check each applicable box below. (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☐ ☒ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Kenneth B. Cook, CPA, PC		Telephone Number 989-362-4412	
Street Address 438 Lake Street		City Tawas City	State Zip MI 48763
Authorizing CPA Signature 		Printed Name Kenneth B. Cook	License Number 12711

TOWNSHIP OF ADAMS
Arenac County, Michigan

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INDEPENDENT AUDITORS' REPORT

February 7, 2007

Members of the Township Board
Township of Adams
Arenac County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Adams, Arenac County, Michigan as of and for the year ended June 30, 2006, which collectively comprise a portion of the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Adams, Arenac County, Michigan as of June 30, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments, as of April 1, 2005.

The Management's Discussion and Analysis and budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management, regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kenneth B. Cook, CPA, PC
Certified Public Accountant

TOWNSHIP OF ADAMS
Arenac County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2006

The Management's Discussion and Analysis report of the Township of Adams covers the Township's financial performance during the year ended June 30, 2006.

FINANCIAL HIGHLIGHTS

Our financial status decreased over the past year due primarily to significant investment in Township roads. Nets assets at June 30, 2006, totaled \$130,526 for governmental activities. Overall capital assets increased modestly at \$884.

Overall revenues were \$79,904. Governmental activities had a \$50,957 decrease in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide financial statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund and the Fire Fund.

TOWNSHIP OF ADAMS
Arenac County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund and Fire Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position is the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services which totaled \$119,384.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$884 in capital assets this year.

The Township did not have any long-term debt activity during the year.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is uncertain and represents a significant portion of the Township's income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk, Judy Card at the township hall.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Government-wide Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
<u>Assets</u>	
Current Assets:	
Cash - Checking & Savings	\$116,167
Delinquent Taxes Receivable	-
Due from Tax Collection Fund	14,713
Total Current Assets	<u>130,880</u>
Non-Current Assets:	
Capital Assets	\$95,601
Less: Accumulated Depreciation	<u>(9,114)</u>
Total Non-Current Assets	<u>86,487</u>
Totals Assets	<u>\$217,367</u>
<u>Liabilities and Net Assets</u>	
Current Liabilities:	
Accounts Payable	<u>\$354</u>
Total Current Liabilities	<u>354</u>
Net Assets:	
Invested in Capital Assets	86,487
Unrestricted	<u>130,526</u>
Total Net Assets	<u>217,013</u>
Total Liabilities & Net Assets	<u>\$217,367</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Government-wide Statement of Activities

June 30, 2006

		Program Revenue	Governmental Activities
			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	
<u>FUNCTIONS/PROGRAMS</u>			
Governmental Activities:			
Legislative	\$5,840	-	(\$5,840)
General Government	38,621	2,705	(35,916)
Public Safety	9,935		(9,935)
Public Works	80,123	-	(80,123)
Total Governmental Activities	<u>\$134,519</u>	<u>\$2,705</u>	<u>(\$131,814)</u>
General Revenues			
Property Taxes			\$35,110
State Shared Revenue			37,975
Interest on Investments			<u>2,838</u>
Total General Revenues			<u>75,923</u>
Changes in Net Assets			(55,891)
Net Assets, July 1, 2005			<u>272,904</u>
Net Assets, June 30, 2006			<u><u>\$217,013</u></u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Balance Sheet - Governmental Funds
June 30, 2006

	General Fund	Fire Fund	Total
<u>Assets</u>			
Cash - Checking & Savings	\$116,167	\$0	\$116,167
Delinquent Taxes Receivable	-	-	-
Due from Tax Collection Fund	14,713	-	14,713
Total Assets	<u>\$130,880</u>	<u>\$0</u>	<u>\$130,880</u>
<u>Liabilities & Fund Equity</u>			
Liabilities:			
Accounts Payable	\$354	-	\$354
Total Liabilities	<u>354</u>	<u>0</u>	<u>354</u>
Fund Equity:			
Fund Balance			
Unreserved	130,526	0	130,526
Total Fund Equity	<u>130,526</u>	<u>0</u>	<u>130,526</u>
Total Liabilities & Fund Equity	<u>\$130,880</u>	<u>\$0</u>	<u>\$130,880</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
June 30, 2006

	General Fund	Fire Fund	Total
Revenues:			
Taxes	\$25,175	\$9,935	\$35,110
State Shared Revenue	37,975	-	37,975
Charges for Services	2,705	-	2,705
Interest on Investments	2,838	-	2,838
Total Revenues	<u>68,693</u>	<u>9,935</u>	<u>78,628</u>
Expenditures:			
Legislative:			
Township Board	5,840	-	5,840
General Government:			
Supervisor	5,655	-	5,655
Elections	252	-	252
General Services Administration:			
Assessor	5,475	-	5,475
Clerk	3,807	-	3,807
Board of Review	570	-	570
Treasurer	5,236	-	5,236
Building & Grounds	9,042	-	9,042
Public Safety:			
Fire Protection	-	9,935	9,935
Public Works:			
Highways, Streets & Bridges	80,123	-	80,123
Cemetery	2,500	-	2,500
Capital Outlay	884	-	884
Total Expenditures	<u>119,384</u>	<u>9,935</u>	<u>129,319</u>
Excess (deficiency) of Revenues Over Expenditures	<u>(50,691)</u>	<u>0</u>	<u>(50,691)</u>
Fund Balances, July 1, 2005	181,571	0	181,571
Fund Balances, June 30, 2006	<u>\$130,880</u>	<u>\$0</u>	<u>\$130,880</u>

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds	(\$50,691)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(5,200)
Capital Outlay	0

Repayment of debt principal is an expenditure in the governmental funds, the
repayment does not have an affect in the statement of activities but does
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>0</u>
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Change in Net Assets of Governmental Activities	<u>(\$55,891)</u>
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The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

NOTES TO FINACIAL STATEMENTS

June 30, 2006

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Township of Admas, Arenac County, Michigan, conform to generally accepted accounting principles as applicable to government units.

Description of Township Operations and Fund Types

Adams Township operates under an elected Township Board (five members) and provides services to its more than 550 residents in many areas including fire protection, cemetary and improvement of local roads.

The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. All activities over which the Township excercises oversight responsibility have been included in the reporting entity.

Basis of Presentation:

The financial activities of the Township are recorded in the fund described as follows:

Governmental Funds

General Fund

This fund is used to account for all the transactions not accounted for in another fund, including the general operating expenditures of the Township revenues which are primarily derived from property taxes and state distributions.

Special Revenue Funds

This funds (Fire Fund) is used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal, regulatory or administrative action.

Fiduciary Fund

This fund (Property Tax Collection Fund) is used to account for assets held in an agency capacity for others.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting.

Inventories

Inventories have not been recognized in the financial statements as materials and supplies are not material and have been expensed when purchased.

Capitla Assets

Capital assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over estimated useful lives.

Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township's total millage was .8492 for operations and 1.0000 for fire protection and the total taxable value of properties in the Township was \$12,548,081.

Note 2 - Budgets

The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the proposed operating budget is submitted to the Township Board which includes proposed expenditures and a means for financing them.
2. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted prior to July 1.
4. Budget appropriations lapse at the end of the fiscal year.
5. Budgetary amounts are reported in these financial statements as they are originally adopted, or as amended by the Township Board.

Note 4 - Deposits and Investments

The Township's investment policy does not address the concentration of credit risk, interest rate risk or foreign currency risk.

The Township Board has adopted an investment policy in accordance with Act 196, PA 1997 which authorizes the Township to deposit and invest in accounts of federally insured banks credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptances of the United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures of all cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$130,880	\$131,281
Uninsured	0	0
Total	<u>\$130,880</u>	<u>\$131,281</u>

Note 4 - Capital Assets

A summary of changes in capital assets for the current year are as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Land	\$5,000	\$0	\$0	\$5,000
Buildings	76,461	0	0	76,461
Equipment & Furniture	13,256	884	0	14,140
Total	\$94,717	\$884	\$0	\$95,601
Accumulated Depreciation	(3,914)	(5,200)	0	(9,114)
Net Capital Assets	<u>\$90,803</u>	<u>(\$4,316)</u>	<u>\$0</u>	<u>\$86,487</u>

Note 5 - Pension Plan

The Township has a defined contribution plan with Travelers Life Insurance Company covering all full time employees effective July 1, 1991. The pension expense is based on 7.5% of compensation and totaled \$1,525 for the current year. Vesting is 100% from the date of deposit.

Note 6 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries. The Township has purchased commercial insurance for risks of loss. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Statement of Revenue, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund
For the Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$25,000	\$25,000	\$25,175	\$175
State Shared Revenue	37,000	37,000	37,975	975
Charges for Services	2,700	2,700	2,705	5
Interest on Investments	2,800	2,800	2,838	38
Total Revenues	67,500	67,500	68,693	1,193
Expenditures:				
Township Board	11,784	11,200	5,840	5,360
Supervisor	5,700	5,700	5,655	45
Elections	3,000	3,000	252	2,748
General Services Administration:				
Assessor	5,500	5,500	5,475	25
Clerk	4,050	4,050	3,807	243
Board of Review	1,250	1,250	570	680
Treasurer	5,625	5,625	5,236	389
Building & Grounds	14,200	14,200	9,042	5,158
Highways, Streets & Bridges	102,580	102,580	80,123	22,457
Cemetery	4,000	4,000	2,500	1,500
Capital Outlay	416	1,000	884	116
Total Expenditures	158,105	158,105	119,384	38,721
Excess of Revenues Over (Under) Expenditure	(90,605)	(90,605)	(50,691)	39,914
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	-	-
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources				
Over (Under) Expenditures and Other Uses	(90,605)	(90,605)	(50,691)	39,914
Fund Balance, July 1, 2005	181,571	181,571	181,571	-
Fund Balance, June 30, 2006	\$90,966	\$90,966	\$130,880	\$39,914

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Statement of Revenue, Expenditures and Changes in
Fund Balances - Budget and Actual - Fire Fund
For the Year Ended June 30, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$9,935	\$9,935	\$9,935	\$0
Total Revenues	9,935	9,935	9,935	0
Expenditures:				
Public Safety				
Fire Protection	9,935	9,935	9,935	0
Total Expenditures	9,935	9,935	9,935	0
Excess of Revenues Over (Under) Expenditure	0	0	0	0
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	-	-
Debt Retirement	-	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	0	0	0	0
Fund Balance, July 1, 2005	-	-	-	-
Fund Balance, June 30, 2006	\$0	\$0	\$0	\$0

The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF ADAMS
Arenac County, Michigan

Statement of Changes in Assets and Liabilities-Current Tax Collection Fund
June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>Assets</u>				
Cash - Checking & Savings	\$14,430	\$405,958	(\$405,675)	\$14,713
Total Assets	<u>\$14,430</u>	<u>\$405,958</u>	<u>(\$405,675)</u>	<u>\$14,713</u>
<u>Liabilities</u>				
Due to Other Governmental Units	\$0	\$379,313	(\$379,313)	\$0
Due to Individuals	0	424	(424)	0
Due to Other Funds	14,430	26,221	(25,938)	14,713
Total Liabilities	<u>\$14,430</u>	<u>\$405,958</u>	<u>(\$405,675)</u>	<u>\$14,713</u>

The notes to the financial statements are an integral part of this statement.

Kenneth B. Cook, CPA, PC

Certified Public Accountant



438 Lake Street, P.O. Box 127
Tawas City, MI 48764
Phone: (989) 362-4412
Fax: (989) 362-5171

February 7, 2007

Members of the Township Board
Township of Adams
Arenac County, Michigan

We have audited the financial statements of the Township of Adams for the year ended June 30, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to communicate the following additional information related to our audit.

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States

We conducted our audit of the financial statements of the Township of Adams in accordance with auditing standards generally accepted in the United States. Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of the audit process, we consider the internal control structure of the Township. Our consideration is for the purpose of determining our auditing procedures and not to provide any assurance concerning the internal controls.

We also perform tests of compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on the compliance with such provisions.

Significant Accounting Policies

The Township Board is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements.

Other Communications

Auditing standards require us to inform you of other significant issues such as, but not limited to, (1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ significantly from those expected; (2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; (3) Disagreements with the Township regarding the scope of the audit or application of accounting principles; (4) Consultation with other accountants; (5) Major issues discussed with management prior to retention; and (6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters to report to you at this time. Audit adjustments were minimal, and are available to review.

Separation of Duties

Due to the small staffing at Adams Township, it is impossible to have different individuals perform bank reconciliation's, bank deposits and collection of cash to better segregate duties. This will be an ongoing internal control weakness until the Township employs assistants and separation of duties.

We wish to express our appreciation for the opportunity to serve you.

This information is intended solely for the use of the Township Board and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these parties.



Kenneth B. Cook, CPA, PC
Certified Public Accountant